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Mexico Pacific Signs 20-Year Offtake Deal for Saguaro LNG Export Project



BY ANDREW BAKER

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Mexico Pacific Ltd. LLC (MPL) has secured another China-based LNG offtaker for the Saguaro Energía liquefaction terminal proposed for Puerto Libertad in Sonora state.

Waha Bidweek Prices



Natural gas distributor Zhejiang Energy International Ltd. signed a 20-year,

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Under the deal, Zhejiang Energy, a subsidiary of Zhejiang Provincial Energy Group Co. Ltd., would purchase the liquefied natural gas on a free-on-board basis.

[Demand Growth: Easy access to U.S. natural gas supply is advancing nearshoring industrial development across Mexico. Add in several LNG liquefaction projects looking to export U.S. natural gas on both the West and Gulf Coasts, as well as an upcoming presidential election, and you have the potential for massive market growth in Mexico. Tune into the Hub & Flow podcast to learn more.]

“LNG is an important pillar to China’s energy security needs and its underlying green policy ambitions,” said MPL CEO Ivan Van der Walt.

“Zhejiang Energy is the sole gas distributor in Zhejiang province, one of the largest provincial economies in China, and under this new agreement, Mexico Pacific will further support the growing energy requirements of this region.”

MPL plans to re-export U.S. gas imported from the Permian Basin, with the Asia-Pacific region as the primary target market. The company is aiming to take a final investment decision on the terminal this year.

“Zhejiang Provincial Energy Group has consistent interest in seeking international upstream energy resources such as natural gas,” said the company’s Xiqiang Chai, deputy general manager. “This new long-term agreement with Mexico Pacific is an important step in further diversifying our energy supply portfolio and strengthening ZEG’s natural gas industry.

“We are excited to be partnering with Mexico Pacific as they work to deliver low-cost LNG to China.”

Saguaro Energía’s three liquefaction trains would each boast a capacity of

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month that due to the Saguaro project's proximity to the Permian, offtakers would have the option to index their offtake agreements to the Waha hub.

Waha prices averaged \$2.430/MMBtu in July bidweek trading, according to **NGI's Bidweek Survey**, versus \$2.600 for benchmark Henry Hub.

MPL has said it plans to use Oneok Inc.'s **proposed Saguaro Connector pipeline**, "along with several existing pipeline routes," to transport Permian gas to the Saguaro Energía terminal. MPL said in a recent filing to FERC that it **expects to receive first gas** into the facility in 2026, and that LNG exports could begin in 2027.

Saguaro Energía is **one of eight proposed LNG export projects** in Mexico totaling 50.2 mmt of liquefaction capacity, in addition to three projects totaling 7.5 mmt that are currently under construction, according to shipbroker and consultancy Poten & Partners.

In related news, the global LNG trade averaged 51.7 Bcf/d in 2022, up 5% year/year and representing a new record, the Energy Information Administration said Wednesday.

"U.S. LNG exports in 2022 increased by 16% (1.4 Bcf/d) to 10.2 Bcf/d compared with 2021, the largest increase of all LNG-exporting countries," said EIA researchers led by Victoria Zaretskaya and Max Ober.

Japan, China and South Korea were the first, second and third leading importers of LNG, respectively, EIA highlighted.

"Japan was the top LNG importer for 50 years, until China surpassed Japan in 2021," researchers said. The following year, in 2022, Japan resumed its position as top LNG importer. The decline in China was due, in part, to its zero-Covid policies, increased imports by pipeline from Russia, and higher

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